GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:2561
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Reforms to Boost Commodities Trading
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Will the Minister of FINANCE be pleased to state:

(a) whether the Government/ Securities Exchange Board of India (SEBI) propose to introduce new reforms to boost commodities trading;

(b) if so, the details thereof;

(c) whether the Government has initiated to integrate commodity spots market and derivatives market;

d) if so, the details thereof and the objective thereof; and

e) whether there is a proposal for introducing a risk based supervision system for commodity brokers and if so, the details thereof and the action taken thereon?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE
(SHRI ARJUN RAM MEGHWAL)

(a) & (b) Regulatory reforms are continuous process and steps are taken continuously to further strengthen and develop commodities derivatives markets. Subsequent to the merger of the erstwhile Forward Markets Commission (FMC) with the Securities and Exchange Board of India (SEBI) in September 2015, SEBI has taken several steps towards reforming and boosting trading in commodity derivatives markets.

In order to further boost trading and liquidity in commodity derivatives markets, in consultation with the Commodity Derivatives Advisory Committee and various stakeholders, several initiatives are included in the implementation agenda of SEBI, such as the following:
(i) Permitting new participants in commodity derivatives markets in a phased manner.
(ii) Permitting trading of new products like options in commodity derivatives markets.
(iii) Integration of commodity derivatives market with other exchange traded markets which includes equity, equity derivatives, currency derivatives etc..

(c) & (d) In pursuance of an announcement made vide Para 97 of the budget speech for the financial year 2017-18, for effecting further reforms in the commodities markets for the benefits of farmers, the Government has initiated the work in the direction of constituting an expert committee for studying and promoting creation of an operational and legal framework to integrate spot market and derivatives market for commodities trading. e-NAM is expected to be an integral part of such framework.

(e) SEBI follows risk based supervision for various intermediaries such as brokers for equity/ derivatives segment, depository participants etc. SEBI has not finalized any proposal for introducing a risk based supervision system for commodity derivative brokers.

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